

less than one year, or from transactions in commodity futures contracts where the transactions are of such nature that no title to actual commodities passes, provided that the amount of loss deductible in any year shall be limited to the extent of gains from similar sources in the same year. In determining the amount of loss deductible in any year any losses arising from sales or transactions as specified in this subdivision may be offset against any gains arising from any sales or transactions as specified in this subdivision. Losses incurred from trading in commodity contracts shall be deductible without respect to gains from any sources specified herein in cases where the loss claimed shall arise from hedging operations carried on in connection with an established business or in connection with market operations regularly conducted which involve the purchase and sale of tangible commodities.

Commodity futures and stocks.

(d) Losses in the nature of net economic losses sustained in either or both of the two preceding income years arising from business transactions or to capital or property as specified in (a) and (b) above subject to the following limitations:

First, the purpose in allowing the deduction of net economic loss of a prior year or years is that of granting some measure of relief to taxpayers who have incurred economic misfortune or who are otherwise materially affected by strict adherence to the annual accounting rule in the determination of taxable income, and the deduction herein specified does not authorize the carrying forward of any particular items or category of loss except to the extent that such loss or losses shall result in the impairment of the net economic situation of the taxpayer such as to result in a net economic loss as hereinafter defined.

Net economic losses.

Second, the net economic loss for any year shall mean the amount by which allowable deductions for the year other than contributions, personal exemptions, prior year losses, taxes on property held for personal use, and interest on debts incurred for personal rather than business purposes shall exceed income from all sources in the year including any income not taxable under this article of the Revenue Act.

Same.

Third, any net economic loss of a prior year or years brought forward and claimed as a deduction in any income year may be deducted from taxable income of the year only to the extent that such carry-over loss from the prior year or years shall exceed any income not taxable under this article received in the same year in which the deduction is claimed, except that in the case of foreign corporations, and of domestic corporations or resident individuals eligible for the deduction of a part of net income under the provisions of Subsection ten of this section by reason of having net income earned and taxed in another state, only such proportionate part of the net economic loss of a prior

Certain exceptions.